

EXHIBIT 6
DATE 02/05/07
HB 63

2007 LEGISLATIVE PROPOSAL to
ACTUARIALLY FUND
THE TEACHERS' RETIREMENT SYSTEM
HB 63

Sponsor: Representative John Musgrove

State Capitol – Room 455

February 5

8:00 am

State Administration Committee:

Dennis Himmelberger, Chair

Duane Ankney, V Chair

Gary Branae

Bill Jones

Gordon Hendrick

Alan Olson

Veronica Small-Eastman

Staffer: Sheri Heffelfinger

Hal Jacobson, V. Chair

Debby Barrett

Margarett Campbell

Walter McNutt

Teresa Henry

Mile Phillips

Franke Wilmer

and

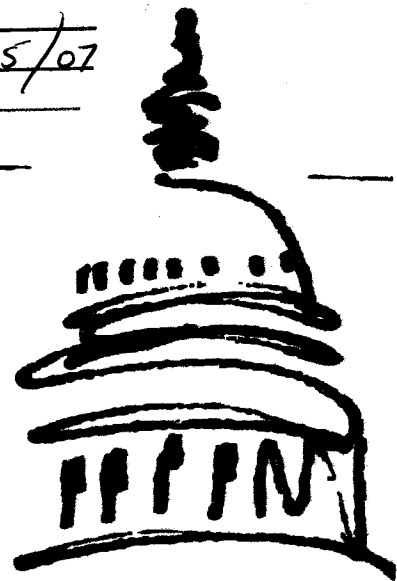
Sue Dickenson

Pat Ingraham

Bruce Malcolm

Scott Sales

Secretary: Dee Barfnecht



Good Morning! Chair Himmelberger and members of the State Administration Committee:

My name is Charlotte Thomas. I represent Montana Retired Educators' Assn. We stand in support of House Bill 63. This bill will actuarilly fund the Teachers' Retirement System, as required by the Montana Constitution. This bill will close loopholes, currently used by a handful of members. If not closed, would increase future unfunded liabilities and require yet another infusion of cash or increase in contribution rates.

HB 63 will change the future of TRS Guaranteed Annual Benefit Adjustment (GABA). Currently, the GABA is set at 1.5%, with the ability to increase to 3%, when the amortization falls below 25 years. Given the current underfunded situation, removing the requirement to move up to 3%, ewould likely not materialize any time in the distant future.

The Board is recommending changes to solve the Retirement System's funding dilemma. If the changes are taken together, they will move forward in meeting our constitutional obligation to actuarilly fund the system. The impacts are spread among the state, employers and retirees. Together, we can solve this change.